



## INFORMATION AND PROCEDURE BULLETIN

LIC-4002-IPB

September 08, 2020

### INTERIM<sup>1</sup> PRE-APPLICATION REVIEW PROCEDURE

Los Angeles Municipal Code (LAMC) Section 104.03(a) requires that prior to filing an application to engage in Commercial Cannabis Activity, an Applicant must successfully complete the Pre-Application Review process. The Pre-Application Review process requires that the Department of Cannabis Regulation (DCR) verify eligibility of Primary Personnel subject to a background review pursuant to LAMC Section 104.03(a)(1),<sup>2</sup> and verify that Owners applying for the License are not disqualified under LAMC Section 104.03(a)(2). In addition, DCR must also verify that the Business Premises location is eligible for Licensure under LAMC Section 104.03(a)(3).

This bulletin provides information related to Primary Personnel and Owner(s), as defined in LAMC Section 104.01(a) and, in conjunction with the Pre-Application Review Workflow ([LIC-4002-WF](#)), explains the review procedure and requirements<sup>3</sup> of the Pre-Application Review process.

#### Overview of Responsibilities

##### Applicant Responsibilities:

- Submit a Pre-Application Review request via Accela.
- Pay the Pre-Application Review Fee within 10 days of the invoice issuance.
- Review any zoning requirements and sensitive use restrictions which may apply to the parcel associated with the Commercial Cannabis Activity License Application.
- Complete and upload a list of Primary Personnel and Owner(s) associated with the Application.
- Submit required attestation for EACH Individual identified as a Primary Personnel or Owner.

##### DCR Actions :

- Issue an invoice for the Pre-Application Review Fee.
- Verify compliance of the Business Premises location with zoning requirements and sensitive use restrictions.
- Request and review attestations from Primary Personnel and Owner(s) associated with the application.
- Issue a determination of eligibility/ineligibility for further processing.

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<sup>1</sup> This bulletin is intended to be in effect only until LiveScan becomes available. Once available, the Applicant will be required to pay the required Primary Personnel Background Review Fee for DCR to review the LiveScan results.

<sup>2</sup> Until LiveScan is available, DCR will accept attestations regarding compliance with LAMC Section 104.03(a)(1).

<sup>3</sup> This document is intended to serve as an informational guide only. It does not replace or supersede the Los Angeles Municipal Code and does not constitute legal advice. This document is subject to change and may not constitute the most up-to-date or complete information. Applicants are encouraged to conduct their own due diligence and research to ensure that they are in compliance with all legal requirements.

**Forms Associated with the Interim Pre-Application Review Procedure:**

- List of Primary Personnel and Owner(s) ([LIC-4003-FORM](#))
- Primary Personnel and Owner Attestation ([LIC-4004-FORM](#))
- Ownership and Financial Interest Disclosure Form ([LIC-4008-FORM](#))
- Radius Map Attestation ([LIC-4009-FORM](#))

**Documents Required:**

- Business Premises Diagram
- Dated Radius Map
- Site Plan

**Applicable Definitions and Terminology:**

The following terms are defined in LAMC Section 104.01(a).

1. **Applicant.** A **Person** applying for a City License, where a **Person** is any individual, firm, partnership, joint venture, association, corporation, limited liability company, estate, trust, business trust, receiver, syndicate, or any other group or combination acting as a unit, and the plural as well as the singular.
2. **Owner.** As defined in Section 26001 of the California Business and Professions Code, included in the Medicinal and Adult Use Cannabis Regulation and Safety Act, as currently defined or as may be amended.

Section 26001(al) of the California Business and Professions Code defines “Owner” as follows:

- (1) A person with an aggregate ownership interest of 20 percent or more in the person applying for a license or a licensee, unless the interest is solely a security, lien, or encumbrance.
  - (2) The chief executive officer of a nonprofit or other entity.
  - (3) A member of the board of directors of a nonprofit.
  - (4) An individual who will be participating in the direction, control, or management of the person applying for a license.
3. **Primary Personnel.** Any of the following:
    - a. a natural person with an aggregate ownership interest of 20 percent or more in the Person applying for a License or a Licensee, unless the interest is solely a security, lien, or encumbrance;
    - b. the chief executive officer, managing member(s), or a general partner of a nonprofit or other entity seeking licensure; or
    - c. the chief executive officer, managing member(s), or a general partner of any Person with an aggregate ownership interest of 20 percent or more in the Person seeking licensure.

**Instruction for the Pre-Application Review Process:**

1. **Pre-Application Review Request.** The Applicant submits a Pre-Application Review request via Accela by logging into their Accela account. If the location is in a Community Plan Area

which has reached Undue Concentration, the Applicant will be required to enter the Council File associated with the City Council approval of a PCN request ([see LIC-4001-IPB](#)). Any business located in an area of Undue Concentration must go through the PCN Process and receive a finding of public convenience or necessity from City Council prior to submitting a Pre-Application Review request.

2. **Invoice.** DCR prepares an invoice for the Pre-Application Review Fee via Accela which must be paid within 10 days of the date of issuance. The Applicant will receive a notification by email from [dcrlicensing@lacity.org](mailto:dcrlicensing@lacity.org) when the invoice is generated. The invoice will be located in the “Documents” section of the Accela Application Record. Payments must be submitted to the Office of Finance. Please visit the Office of Finance [website](#) for information related to business hours, locations, and payment methods.
3. **Location Compliance Review.** DCR verifies compliance of the Business Premises location with zoning requirements and sensitive use restrictions. If the location does not comply with zoning requirements or sensitive use restrictions, the Application is not eligible for further processing. The Applicant may submit a new Pre-Application Review request for another location via Accela, subject to a new Pre-Application Review Fee.
4. **Primary Personnel and Owner(s) Form.** The Applicant completes and submits the “List of Primary Personnel and Owner(s) Form” ([LIC-4003-FORM](#)) for all the Owners and Primary Personnel associated with the Application.
5. **Attestations.** The Applicant uploads the signed attestations for each Primary Personnel and Owner associated with the Application to the Accela record using [LIC-4004-FORM](#). The attestation form is intended to support compliance with LAMC Section 104.03(a), which sets forth prohibitions on Primary Personnel and Owners if they have been convicted of certain criminal offenses, among other restrictions. The definitions below should be reviewed carefully to ensure that all required Primary Personnel and Owners are included in the [LIC-4003 FORM](#). These restrictions apply to all Primary Personnel and Owners, including those who are verified Tier 1 or Tier 2 Social Equity Applicants.
6. **DCR Review.** DCR verifies that each Individual identified as Primary Personnel and/or Owner submitted the Primary Personnel and Owner Attestation ([LIC-4004-FORM](#)).
7. **Determination of Eligibility.** After all required attestations have been received, DCR will issue a determination of eligibility for further processing and invoice for the Temporary Approval Application Fee.

### Applicable Code Sections:

LAMC Section 104.0(a):

(a) **Application – Pre-Application Review.** Prior to filing an application pursuant to Subsection (b), an applicant shall pay a Pre-Application Review Fee pursuant to Section 104.19 for DCR to conduct a preliminary review of the application, and verify eligibility of Primary Personnel subject to a background review pursuant to Subdivisions 1 and 2 and compliance of the Business

Premises location pursuant to Subdivision 3. If the application is deemed eligible for further processing, the Applicant shall pay a Temporary Approval Application Fee pursuant to Section 104.19 within 10 days of receiving an eligibility determination for further processing. An EMDM seeking a License under Section 104.07 shall pay the EMDM Temporary Approval Application Fee pursuant to Section 104.19(a). An Applicant seeking a License under Section 104.08 shall pay the Section 104.08 Temporary Approval Application Fee pursuant to Section 104.19(a). DCR may request additional information or documents from the Applicant at any time during the pre-application review, subject to payment of any fees under Section 104.19(h). If the Applicant fails to provide the additional information or documents in the time allotted by DCR, the application shall be deemed abandoned. Except for a Social Equity Individual Applicant who is an Owner on an application subject to processing under Section 104.06.1, an individual Applicant, Owner or Primary Personnel who is disqualified under Subdivision 1 or 2 may be permitted to amend the application to cure those defects, subject to the payment of any applicable modification fee in Section 104.19. An Applicant whose Business Premises location is deemed ineligible under Subdivision 3 shall not be permitted to amend their application but may submit a new application subject to the payment of any applicable fee in Section 104.19.

1. Primary Personnel convicted of any of the following offenses within the time specified shall be disqualified in any of the following circumstances and are prohibited from applying for or holding a Temporary Approval or License:

(i) Illegal volatile Cannabis manufacturing under Health and Safety Code Section 11379.6 for a period of five years from the date of conviction.

(ii) A violation of any State or local law involving wage or labor for a period of five years from the date of conviction.

(iii) A violation of any law involving distribution of Cannabis to minors for a period of five years from the date of conviction.

(iv) Illegal Commercial Cannabis Activity after April 1, 2018 for a period of five years from the date of conviction.

(v) A violation any State or local law involving distribution or sales of tobacco or alcohol to minors for a period of five years from the date of conviction.

(vi) A violent felony as defined in California Penal Code Section 667.5, a serious felony conviction as defined in California Penal Code Section 1192.7, or a felony conviction for violating any law involving violent crimes, sex trafficking, rape, crimes against children, gun crimes or hate crimes for a period of 20 years from the date of conviction or completion of a term of imprisonment, supervised release or probation imposed as a sentence for the conviction, whichever is later.

(vii) A felony conviction for a crime involving fraud, deceit, or embezzlement for a period of 20 years from the date of conviction. In addition, an individual with a felony conviction under this paragraph shall be prohibited from serving as an authorized agent or agent for service of process on any Application.

2. Persons are prohibited from being Owners of Persons applying for or holding

a Temporary Approval or License and shall be disqualified in any of the following circumstances:

(i) An individual who holds office in, is employed by, or is appointed to, any agency of the State of California and any of its political subdivisions, including the City and any of its agencies, departments, commissions or boards, when the individual's duties include the enforcement or regulation of Commercial Cannabis Activity or any other penal provisions of law of the State of California prohibiting or regulating Commercial Cannabis Activity.

(ii) Any entity that is incorporated outside of the United States.

3. In the following circumstances a Business Premises location is ineligible for Licensure:

(i) The Business Premises is owned or managed by a Person who holds office in any agency of the State of California and any of its political subdivisions, including the City and any of its agencies, departments, commissions or boards of the State of California or its political subdivisions when the individual's duties include the enforcement or regulation of Commercial Cannabis Activity or any other penal provisions of law of the State of California prohibiting or regulating Commercial Cannabis Activity.

(ii) The Business Premises was the site of illegal volatile Cannabis manufacturing under Health and Safety Code Section 11379.6 as evidenced by a conviction, for a period of five years from the date of conviction.

(iii) The Business Premises was the site of distribution of Cannabis to minors as evidenced by a conviction, for a period of five years from the date of conviction.

(iv) The Business Premises was the site of any illegal Commercial Cannabis Activity after April 1, 2018, as evidenced by a conviction, for a period of five years from the date of conviction.

(v) The Business Premises was the site of a disconnection of utilities under Section 104.15(e) for a period of five years from the date of the disconnection.

Questions regarding these procedures may be referred to [dcrlicensing@licity.org](mailto:dcrlicensing@licity.org).